

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE
COMMISSION

KIAWAH RIVER UTILITY COMPANY

APPLICATION FOR ESTABLISHMENT OF SERVICE AREA
AND
FOR ESTABLISHMENT OF RATES AND CHARGES
(SEWER)

JUNE 21, 2019

INTRODUCTION

Kiawah River Utility Company (“KRUC”) was incorporated in 2018 to provide sewer service to a portion of the unincorporated area in Charleston County on Johns Island that is a planned development district of approximately 2000 acres known as Kiawah River.¹ Kiawah River is outside the service area of all local private or governmental sewer utilities. The developer of Kiawah River recently finished construction of the sewer plant and related facilities.

Attached hereto as Exhibit 1 is the Initial Rate Study of Guastella Associates, LLC for KRUC. that provides a full overview of the Kiawah River and KRUC. The Initial Rate Study also includes a description of utility system, the rate setting methodology, the revenue requirement, the cost recovery, the rate base, the operating statement, the operating expenses, the capital structure and rate of return, and rate structure. The proposed initial rates are based on a return on equity (rate base/rate of return), not operating margin. Attached to the Initial Rate Study are the map of the proposed service area of Kiawah River (Appendix A) and the extensive schedules in support of proposed initial rates and charges (Appendix B).

As required by S.C. Regs. §103-512.4.B KRUC is providing the following information with this Application:

1) Copy of articles of incorporation or partnership agreement;

Attached as Exhibit 2.

2) Plat of proposed area to be served;

Attached as Exhibit 3.

3) Copy of engineering plans and specification designed or certified to be in accordance with good engineering practices by a professional engineer registered in South Carolina;

Attached as Exhibit 4A (Construction Plans) and 4B (Project Specifications).

¹ Kiawah River is not on Kiawah Island and has no relation to Kiawah Island or the developers of Kiawah Island.

4) Construction permit from the South Carolina Department of Health and Environmental Control approving the engineering plans and specifications;

Attached as Exhibit 5.

5) Schedule of proposed rates and charges and cost justifications including tap fees with attached schedules depicting labor costs, materials costs, and miscellaneous costs;

The schedule of proposed rates and charges is attached as Exhibit 6A. The cost justification for the proposed rates and charges is contained in Schedules in Support of Utility's Initial Rate that are Appendix B to the Initial Rate Study, attached as Exhibit 1.

KRUC does not charge a tap fee. It charges a connection fee. The cost justification for the connection fee is attached as Exhibit 6B.

6) Number of customers proposed to be served and the capacity of the system;

Attached as Exhibit 7.

7) Financial statement showing proposed plant investment by categories;

Attached as Exhibit 8.

8) Depreciation schedule by categories of plant or average service lines;

Attached as Exhibit 9.

9) Pro-forma income and expense statement showing the effect of using the proposed rates based on plant capacity;

Attached as Exhibit 10.

10) Filing of performance bond in accordance with 3 of this rule;

Performance bond signed by the surety is attached as Exhibit 11 to the Application. KRUC will substitute a fully executed version of the performance bond before July 1, 2019.

11) Statement by a professional engineer that the system was built and installed according to plans and specifications on file with the commission and will furnish adequate service for the area to be served;

Attached as Exhibit 12.

12) Letter from the South Carolina Department of Health and Environmental Control approving the system for operation;

Attached as Exhibit 13.

13) Customer bill form; and,

Attached as Exhibit 14.

14) Any other pertinent or relevant information determined necessary by the commission.

The Commission has not determined that any additional information is required at this time.

Respectfully submitted,

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